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#### 1. MOROCCANS PRESS FOR FULL DIPLOMATIC RECOGNITION

Moroccan foreign minister Balafrej exhibited anger when the American chargé in Tangier told him on 2 May that the United States would not immediately recognize Morocco as being fully responsible for its foreign relations. Balafrej complained that the United States was continuing to support

French colonialism and said that the US government should change this position now if it wished to enjoy cordial relations with Morocco.

The American consul general in Rabat believes that Balafrej's remarks should not be considered bluster and states that he is one of the determined nationalists who are now emerging as dominant forces in a government generally pro-Western.

#### Comment

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The Moroccans are moving more rapidly than desired by Paris toward setting up their diplomatic establishment. The French Foreign Ministry maintains that the 2 March accord is not valid until approved by the French National Assembly, a step as yet unscheduled. It does not plan to transform its high commission in Rabat into an embassy until all negotiations with Morocco are concluded, probably this fall.

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# 3. JAPAN CONSENTS TO REPLACEMENT OF SOVIET MISSION CHIEF

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A Japanese Foreign Ministry official considers that the Japanese government's assent to the USSR's request to replace the chief of its unrecognized mission in Tokyo demonstrated the power of Japanese fishery negotiator Kono over the Foreign Ministry. Ambassador Allison reports that this official believed the Soviet request was designed as a "test of strength" of the Japanese position which should have been categorically rejected. Kono had advocated the grant of "minor concessions" to create a favorable atmosphere for the fishery talks at Moscow.

Comment government	ment Kono remained in Stockholm, un to go on to Moscow unless the Ja overnment reached a decision on the Soviet request				
place Domni	tsky, the mission chief.				

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### 4. ITALIAN GOVERNMENT MAY SPONSOR TRADE WITH COMMUNIST CHINA

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The American embassy in Rome believes the Italian government may be forced to take an active part in sponsoring trade with Communist China in order to counter-

act the activities of Dino Gentili, head of the Italian Communist-controlled trading firm COMET. An Italian commercial mission headed by Gentili, which arrived in Peiping on 30 April, is composed largely of commercial agents never previously engaged in trade with China. The Foreign Ministry denies the mission's claim that it represents major Italian firms in the chemical, pharmaceutical, and textile fields.

#### Comment

Gentili's move seems to be an attempt to head off a projected mission which would have official sanction and bona fide industrial backing. He may be trying to create the impression that the Communists are the only Italians interested in and capable of expanding Sino-Italian trade.

Negotiations in London for a trade agreement between Italy and China have been stalemated for months over the issue of diplomatic recognition.

The Italian government is extremely sensitive to pressure from public opinion and business interests on the subject of trade with China. Such trade has, however, never been extensive at any time in the past, and in 1955 Italian exports to China amounted only to about \$6,000,000, with imports of about \$4,500,000. Nevertheless, the left-wing parties accuse the government of depriving Italy of the benefits of tremendous business opportunities. (Concurred in by ORR)

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## 5. COLOMBO POWERS CONSIDERING SECOND AFRO-ASIAN CONFERENCE

	ASIAN CONFERENCE				
25X1A	Mini power and	okesman of the Indonesian Foreign stry stated on 2 May that the Colombo ers are now studying the "possibilities needs" for holding a second Afro-Asian erence.			
	nesi consideration should be Other leaders of the Co	mier Ali Sastroamidjojo told the Indo- an parliament last month that serious given to calling such a conference. lombo powersthe countries respon- new meetinghave not yet made any neeting.			
	The enthusiasm with which the anniversary of the Bandung conference was observed by Communist and neutralist countries suggests that another such meeting may be held in the not too distant future.				
	An ' to meet at Bandung bety	'Afro-Asian students' conference'' is veen 26 and 31 May.			
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# THE ARAB-ISRAELI SITUATION (Information as of 1700, 3 May)

Secretary General Hammarskjold's preliminary report to the UN upon completion of his mission to reduce border tension between the Arab states and Israel announced success in obtaining a cease-fire agreement between Israel and Egypt and "positive results" in the negotiations involving Syria, Lebanon, and Jordan. Details of the secretary general's report will not be released until next week. Both sides have reserved the right to act in self-defense and the critical issue of Arab-Israeli agreement on Banat Yacov re-	
mains unsettled.	25X1
In Israel, press reaction to Hammarskjold's mission continued uniformly skeptical. The press dismissed the latest agreements to strengthen the number of UN observers along the Gaza strip as "palliatives."	25X1 25X1
Arab states on the possibility of asking the Latin American nations which have supported the Arabs in the United Nations to stop exports of oil to Israel's refinery at Haifa.	25X1
Israeli military sources remarked that they were not worried by the rumored "mass march" into Israel of Gaza refugees in June, because they consider the Gaza Arabs "unorgan- ized, unco-ordinated, and lacking leadership capable of inspiring such action."  4 May 56  Current Intelligence Bulletin  Page 9	
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